

**Committee Name:**

**Senate Committee – Privacy, Electronic Commerce and Financial Institutions  
(SC-PECFI)**

**Appointments**

01hr\_SC-PECFI\_Appoint\_pt00

**Clearinghouse Rules**

01hr\_SC-PECFI\_CRule\_01-

**Committee Hearings**

01hr\_SC-PECFI\_CH\_pt00

**Committee Reports**

01hr\_SC-PECFI\_CR\_pt00

**Executive Sessions**

01hr\_SC-PECFI\_ES\_pt00

**Hearing Records**

01hr\_ab0000

**01hr\_sb0392**

**Misc.**

01hr\_SC-PECFI\_Misc\_pt01

**Record of Committee Proceedings**

01hr\_SC-PECFI\_RCP\_pt00

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 02/21/02  
BILL NO. SB 392  
OR  
SUBJECT \_\_\_\_\_

Katie Rezin  
(NAME)  
Madison, WI 53711  
(Street Address or Route Number)  
City and Zip Code)  
American Express Co.  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.  
Senate Sergeant-At-Arms  
State Capitol - B35 South  
P.O. Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 2-21-02  
BILL NO. SB 392  
OR  
SUBJECT \_\_\_\_\_

Tim Elverman  
(NAME) #404  
44 E. Mifflin  
(Street Address or Route Number)  
Madison WI 53703  
(City and Zip Code)  
BANK ONE  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

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P.O. Box 7882  
Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 2/21  
BILL NO. SB-392  
OR  
SUBJECT \_\_\_\_\_

Joe Strohl  
(NAME)  
44 E Mifflin  
(Street Address or Route Number)  
Madison 53703  
(City and Zip Code)  
M BNA  
(Representing)

Speaking in Favor:   
Speaking Against:   
Registering in Favor:   
but not speaking:  
Registering Against:   
but not speaking:  
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 2/21/02  
BILL NO. SB 392  
OR  
SUBJECT CREDIT CARDS

KURT BAUER  
(NAME)  
PO Box 8880  
(Street Address or Route Number)  
MADISON 53708  
(City and Zip Code)  
WI BANKERS ASSN.  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger **PROMPTLY.**

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**SENATE HEARING SLIP**

(Please Print Plainly)

DATE: 2-21-02  
BILL NO. SB392  
OR  
SUBJECT \_\_\_\_\_  
Please call when she comes up

Lisa Ellinger  
(NAME)  
(Street Address or Route Number)  
(City and Zip Code)  
Sen. Dave Hansen  
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:   
but not speaking:

Registering Against:   
but not speaking:

Speaking for information only; Neither for nor against:

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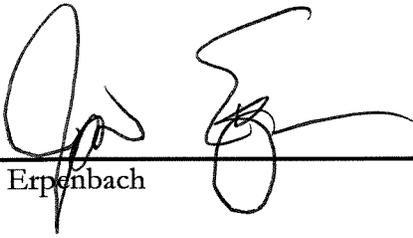
Senate Privacy, Electronic Commerce and Financial Institutions Committee

Paper ballot due 2/27/02 at 5pm. Thank you.

Senate Bill 392 relating to billing statement disclosures under certain consumer credit plans

Recommend passage

yes       no

  
\_\_\_\_\_  
Senator Jon Erpenbach

02-27-02

**Senate Privacy, Electronic Commerce and Financial Institutions Committee**

**Paper ballot due 2/27/02 at 5pm. Thank you.**

Senate Bill 392 relating to billing statement disclosures under certain consumer credit plans

Recommend passage

yes       no

  
\_\_\_\_\_  
Senator Kimberly Plache

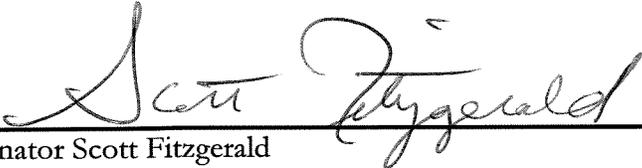
**Senate Privacy, Electronic Commerce and Financial Institutions Committee**

**Paper ballot due 2/27/02 at 5pm. Thank you.**

Senate Bill 392 relating to billing statement disclosures under certain consumer credit plans

Recommend passage

\_\_\_\_\_yes    no

  
\_\_\_\_\_  
Senator Scott Fitzgerald

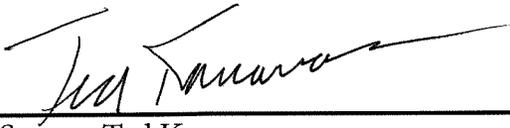
**Senate Privacy, Electronic Commerce and Financial Institutions Committee**

**Paper ballot due 2/27/02 at 5pm. Thank you.**

Senate Bill 392 relating to billing statement disclosures under certain consumer credit plans

Recommend passage

\_\_\_\_\_yes    no



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Senator Ted Kanavas

Senate Privacy, Electronic Commerce and Financial Institutions Committee

Paper ballot due 2/27/02 at 5pm. Thank you.

Senate Bill 392 relating to billing statement disclosures under certain consumer credit plans

Recommend passage

yes       no

  
\_\_\_\_\_  
Senator Robert Jauch



Testimony before the  
Senate Privacy, Electronic Commerce  
and Financial Institutions Committee

**In Opposition to SB 392**

10:00 am, Thursday, February 21, 2002  
by Kurt R. Bauer  
Wisconsin Bankers Association

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Chairman Erpenbach and members of the committee, my name is Kurt Bauer. I am vice president of government relations for the Wisconsin Bankers Association. WBA is the state's largest financial industry trade group representing 350 financial institutions of all sizes throughout the state.

I appear today in opposition to SB 392, which would require credit card issuers to add a new disclosure to cardholder monthly statements indicating how long it would take to pay off the balance if only the minimum payment was paid each month.

WBA opposes this bill because it is designed to benefit less than 1% of credit card customers, but all cardholders will ultimately pay for the high cost of compliance. WBA also believes that the disclosures would be hopelessly inaccurate and could foster litigation against card issuers.

According to credit card industry statistics, 5% to 10% of cardholders pay the minimum payment in a given month, but not the same 5% to 10%. Less than 1% of cardholders pay only the minimum payment due on a habitual basis, meaning for six consecutive months.

That means that credit card issuers will have to make customized calculations for each cardholder. To do that will require major alterations to the computer systems that track customer purchases and payments.

It also means that credit card issuers will have to create Wisconsin-specific statements to comply with the *12-point font* and *one inch from the minimum balance due box* disclosure requirements.

That could cost anywhere from \$1.8 to \$2.6 million per issuer.

As with any government mandate on business, those costs will ultimately be passed on to Wisconsin credit card customers, again to supposedly benefit just 1% of all cardholders. Out of the deal, the other 99% will get a box on their statement that provides a length of time that may not be truly reflective of how long it will take to pay off their debt.

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The box will be a mere snapshot of the cardholders's account when the statement was mailed. Credit cards are essentially individual revolving lines of credit. They are not the same as closed-end credit like mortgages and car loans, both of which have fixed payment amounts. Credit card balances change, depending on the type of card, the interest rate, the fees that may be incurred, pending credits to the account and the spending behavior of the cardholder.

WBA is concerned that the disclosure will do more to confuse the other 99% of cardholders than it will help the targeted 1%. That confusion could lead to a flood of litigation against the issuers.

At the federal level, both houses of Congress have enacted a bankruptcy reform measure that includes a provision to require credit card companies to comply with a similar, but nationally uniform requirement. That bill, which is currently in conference, would require issuers to provide cardholders with a chart on their statements that can be used to determine how long it would take to pay off their debt. WBA believes that a federal approach is a better way to achieve the same goal.

In closing, I would echo the comments of California Governor Gray Davis when he vetoed a similar bill in 2000. In doing so, Gov. Davis stated: "While this bill is well intentioned, it cast too broad a net by requiring detailed information to a vast number of consumers who are not minimum payers, thus, adding extra cost to consumers' credit."



FEB 26 2002

TO: Members of the Senate Privacy, Electronic Commerce and Financial  
Institutions Committee  
CC: Senator Hansen  
FROM: Kurt R. Bauer  
DATE: February 26, 2002  
RE: SB 392

During last week's hearing I promised to provide members of the committee with a copy of the pending federal legislation that would require credit card issuers to warn customers about extra interest costs and length of time it would take to pay off debt if cardholders paid only the minimum payment due.

The enclosed language is included in the federal Bankruptcy Reform Act of 2001 that has been approved by both houses of the current Congress and is currently in conference.

The exact disclosure requirement in the federal bill varies depending on the minimum monthly payment requirement. For example, if the credit card issuer requires that the cardholder pay four percent or less of their total balance as a minimum payment, the following must be disclosed "clearly and conspicuously" on the front of the billing statement:

Minimum Payment Warning: Making only the minimum payment will increase the interest you pay and the time it takes to repay your balance. For example, making only the typical 2% minimum monthly payment on a balance of \$1,000 at an interest rate of 17% would take 88 months to repay the balance in full. For an estimate of the time it would take to repay your balance, making only minimum payments, call this toll-free number: XXXXXX.' (the blank space to be filled in by the creditor).

When a cardholder calls the toll-free number, a Federal Reserve Board created chart -- similar to what I described in my testimony -- will be used to estimate how long it will take for the customer to pay off the account balance.

WBA believes that a nationally standardized disclosure requirement will be less confusing to cardholders and less costly for card issuers to comply with. An added benefit to this approach is that a cardholder calling in for the estimate can be offered credit counseling and/or other assistance.

If you have any questions about this federal proposal, or any aspect of SB 392, please contact me at 608/441-1215.

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